GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4910
ANSWERED ON:20.12.2002
GUIDELINES FOR LOANS TO STATES
PRABHUNATH SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Union Government have issued any guidelines for loans, financial assistance and grants-in-aid for different projects/schemes to Bihar and other general category States; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) and (b): Financial assistance is extended to States by the Government of India for Plan and non-Plan purposes in the form of loans and/ or grants. Central Plan assistance for financing of Annual Plans of States is released to the non-special category States (including Bihar) in the form of 70% loan and 30% grant. The interest rates and other terms and conditions of loans and advances are guided by the lending rates prescribed from time to time by the Department of Economic Affairs, Ministry of Finance.
Apart from the Central Plan Assistance, non-Plan grants as recommended by the successive Finance Commissions for various purposes such as natural calamity relief, local bodies, upgradation and special problem, non-Plan revenue deficit and medium-term fiscal reforms are also released to the States in the form of grants-in-aid. Guidelines for implementation of these schemes have been issued by the Ministry of Finance in accordance with the recommendations of the Eleventh Finance Commission (EFC).